

# The Social Questions Bulletin

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THE METHODIST FEDERATION FOR SOCIAL SERVICE

*An organization which seeks to abolish the profit system in order to develop a classless society based upon the obligation of mutual service.*

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## THE AUTOMOBILE INDUSTRY: EPITOME OF CAPITALIST DECLINE

The automobile industry furnished capitalism's Exhibit A of industrial expansion. Now it epitomizes that system in decline.

### Machines and Men

No other industry has shown better how capitalism subordinates human welfare to the machine and to profits.

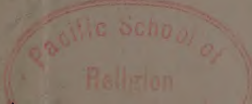
**The Machine!** It has excelled in technological development. It has thereby lowered production costs; displaced men. Three examples: (1) Wood parts have now been eliminated. So one body manufacturer wiped out his entire wood mill which in 1928 employed 3000 men. (2) One company by making a one-piece stamping of the underbody now accomplishes the elimination of the building and assembling of 30 parts that it was using in 1929, such as side and cross sills, toeboard sets, seat riser corners and ends, floor-boards, etc. This saves 50 labor hours. (3) A new inspection machine using the photo-electric cell eliminates from 10 to 20 inspectors.

*Business men and economists used to say that "in the long run" expanding industry would make new jobs for those let out by new inventions. Will the men displaced by these new processes ever get back?*

The above examples are a few of those recently reported to the NRA by its Research and Planning Division. In mid-December and early January Leon Henderson, the Director, and his associates—assisted by the U. S. Dept. of Labor, which made special studies of hours and earnings—held hearings and took the testimony of scores of workers in the leading automobile cities.

**High Speed.** The thing uppermost in the minds of most of the men was the speed-up. As operated under the profit system, highly mechanized plants call for quick-moving men; also ever-changing models, equipped with all the new gadgets, must be on the market at precisely the right time. So during the rush season the machine which displaces many men drives beyond endurance those who are kept on the job. Some forms of the speed-up: (1) Often those on the belt cannot even drop out for a few minutes to go for a drink of water or to the toilet; sometimes the victim of an accident cannot at once get away. (2) Individuals are constantly urged by the foreman to "step on it," on the threat of being laid off. The foreman may even point to the long line of the unemployed outside. The fastest man is often laid off last and taken back first. (3) The number of revolutions of the individual machine may be increased. (4) The "stretch-out"—requiring one worker to tend more machines—is common. Also many under the code "requirement" of a 42-hour average work 70, 80, even 90, hours a week during the busy season. The foreman is under the same compulsion, since he is responsible to the management for units of output and costs of output.

**Old Age at Forty.** Many of the men had worked from 10 to 30 years in one plant but were now out, though they were still in middle life. The industry has come to assume that only young men can keep up the pace. Photographs of the workers on the belt and testimony as to the unemployed in the waiting lines show that many of them are mere boys. So older men are laid off early and taken back only in the busy times of the year. They are told only that they will be called back when they are needed. But finally they are not called back. When they apply at another plant they are asked where they worked before, and then told to go back there for a job.





**Hazards.** Workers described what was happening, or all the time threatening to happen, to their life and limbs—dangers from machines out of repair; disease hazards from fumes, lead, broken ventilator systems, etc. Press items confirm their stories. One Ford worker has just died and others are ill from the presence of cyanide on their sandwiches. The company officials are questioning their fellow workers and neighboring druggists to account for the poison. The Ford local of the Auto Workers Union asks, Why investigate drugstores when drums of cyanide, poorly covered, are standing around the plant. Another item (June 19, 1934) tells of one Ford worker "caught in a conveyor belt" and killed; of two killed and several others injured when a naphtha tank spilled its contents on hot metal, causing an explosion.

**What They Get.** All of the workers talked about their wages. The automobile industry once led off in the scale it paid. The leaders boasted of this and said it was good policy. They were of the school of New Era capitalists. In 1928-29 highly skilled workers—tool and die makers, pattern makers, etc.—were able to earn \$2500 to \$3000 annually and were paid rates of \$1.25 to \$1.50 an hour. The semi-skilled or unskilled workers—the large majority of auto workers—earned from \$1200 to \$2000 in 1928-29. The depression brought a quick drop and successive wage cuts. The highly skilled came down to \$1200, or even \$800; the others to \$700, \$500, even \$200. Often the workers put in time for which they are not paid, in getting tools and materials ready for the line which starts off promptly and at high speed, at opening time.

**"The American Standard."** Automobile workers have shared the psychology of their industry and of the prosperity period. Many of them bought homes, real estate, stocks of the company for which they worked. The depression brought successively: loss of the homes in which they had put two or three, or four, thousand dollars; then the using up of their savings; then sale or mortgaging of their cars; then borrowing against their insurance policies, and from relatives and friends; then letting the wives go to work if they could find any; finally public relief. The Report makes no mention of Henry Ford's once famous welfare work. This has, in fact, largely disappeared from the picture. Nowadays he has what the workers call "Ford's new racket." He tells them that it is "to their interest" to take garden plots outside the city and raise turnips and potatoes for themselves.

**If They Rebel.** Some said that unless the government did something for them they were going to take matters into their own hands. The Report records the threat. It does not mention what happens when the workers try to do something for themselves. What happened when the unemployed and employed Ford workers in the spring of 1932 organized a march to lay their demands personally before Henry Ford was this. They were met at the line between Detroit and Dearborn by the Dearborn police. These were joined later by the Detroit police, the state police and Ford's private officers. The workers were attacked with tear gas bombs, streams of cold water from a hose and a fusillade of bullets. Four of them were killed and many others wounded. The event is known as "The Dearborn Massacre." When Briggs workers in Detroit went on strike in 1933 they found themselves confronted by hundreds of policemen, deputy sheriffs, special deputies and state troopers.

### Spotlight on the New Deal

The industry has thus smashed the New Deal promises of decent conditions for labor just as it wrecked the high wage theory of the New Era capitalists. And it has never bowed its neck to the collective bargaining guarantee of the NIRA.

**An Open Shop Code.** The industry has always been strongly anti-union. The three companies which have come to dominate it, Ford, Chrysler, General Motors (who together produced 77% of the 5,000,000 automobiles turned out in 1929 and 88% of the 2,700,000 produced in 1934) are a unit at this point. The NRA code did not change the situation. When the corporations balked at Section 7A President Roosevelt let them write in the merit clause. This provides that the employers "may exercise their right to select, retain, or advance employees on the basis of individual merit, without regard to their membership or non-membership in any organization." It effectively set the stage for nullification of 7A in other industries. The big companies resort to various devices to head off unions such as organized espionage and the large scale recruiting of hill-billies from the south.

**The National Run-Around.** When workers in this industry, as in others, have appealed to the administration they have been shunted from pillar to post. So the NRA has been nicknamed the National Run-Around. An example: In the fall of 1933 the tool and die workers in Flint, Detroit and Pontiac went on strike. They appealed to the Detroit Compliance Board. The chairman saw the employers, but they refused to meet the men. Then the union appealed to the National Labor Board at Washington. It sent a conciliator out, but the employers would not be conciliated. Then the workers asked the N.L.B. itself to take charge. It complied and invited representatives of both sides to come to Washington. The union men went. The employers telegraphed regrets, with one exception. This man came to observe, not to act. The upshot was that the N.L.B. advised the men to go back to Michigan and try again to meet with their employers. They went. Some conferences were held, but the employers (in General



Motors units) refused all of their demands. After which the chairman of the Regional Labor Board congratulated the men because "never before has General Motors agreed to talk to its employees. Gentlemen, they have talked to you! Gentlemen, you have won a victory!"

**"Social Engineering."** By March, 1934, the auto workers were ready for an industry-wide strike. But this would have put a crimp in "recovery." So there was a tug-of-war under auspices of the National Labor Board in Washington between the big companies and organized labor. At the last minute (labor was ready to call the strike the next day) Roosevelt intervened with what he called "an experiment in social engineering." It again made an exception of the automobile industry. It provided for proportional representation of labor groups, instead of the majority rule that has been written into the Railway Labor Act; and that was later decreed for all other industries by the National Labor Relations Board. In effect, the administration thus gave its blessing to company unions. A three-man Automobile Labor Board was set up (an employer; a labor union man; Leo Wolman for the NRA). It is empowered to deal with discrimination, seniority, etc.; not to enforce 7A. Its decisions are to be "final and binding." Thus in effect it is an anti-strike provision.

**Factory Committees.** This winter the Wolman Board has held elections, using the proportional representation procedure. As a result a new kind of "collective bargaining committee" has been set up in the plants. These cannot protect the workers because there is no organized power behind them. The Chevrolet Motor Car Company, a General Motors subsidiary, furnishes an example of how they work out: 66 men in the Heat Treat department presented to the plant manager a petition asking for a 15% raise. He replied, "There will be no group increase in this or any other department. Individual raises have been and will be put through . . ." To truck drivers requesting a raise of 10c per hour the same manager replied, "We are paying a very good rate for this work and for the present there will be no group increases." To another petition requesting raises he answered, "Raises for men have been put through and will be put through when we figure such are in order."

**"Victory."** In February while the election procedure was underway Roosevelt extended the automobile code for the fourth time. Details for its revision were worked out in conference with Chrysler, Alfred Sloan of General Motors, and others. It disregarded the workers' plea for better wages, relief from speed-up, genuine collective bargaining. In the name of "regularization" it gave the employers what they wanted—a chance to have fewer workers and to drive these harder for longer hours (a retreat from the stagger plan). It incorporated the Automobile Labor Board (from which the A. F. of L. and its federal unions had finally withdrawn; William Green says that in no single instance has the Board actually ordered any discharged worker reemployed) and with it the proportional representation provision. It kept the merit clause. The *Wall Street Journal* says that it represents "a definite victory for the manufacturers." Sloan agrees to collective bargaining, but says that it "does not imply the assumption by the employee of a voice in those affairs of management which management, by its very nature, must ultimately decide upon its own responsibility," (i.e. wages, hours, working conditions such as speed-up and layoffs at 40.)

*cf. the Nazi labor administrator's statement, "Our corporate organization will as its first work restore absolute leadership to the natural leader of a factory, that is, the employer, and will at the same time place full responsibility on him. Only the employer can decide."*

### **The Automobile and Capitalist Breakdown**

The management which has assumed such full responsibility for the industry was not able unaided to weather the depression.

**Pace Setter.** The feverish expansion of the industry played a leading part in—and in a sense symbolizes—the development of capitalism. (The production of automobiles mounted from 4,192 cars in 1900 to 2,227,000 cars and motor trucks in 1920, and to 5,621,715 in 1929.) It set the pace in credit expansion. Its high-powered salesmen stimulated consumers to buy—on the installment plan. Its technicians outdid themselves in devising gadgets which, whether useful or not, offered talking points. It spurs or retards other industries, for it ranks first as consumer of many of the leading products. In 1934 it used 19.2% of all the finished rolled steel produced; 73% of the rubber; 40% of the plate glass; 54% of upholstery leather, etc.; and automobiles accounted for 85% of the gasoline and 57% of the lubricating oil consumed.

**The Collapse.** Also the industry collapsed first. In all of the leading commodities industrial production had begun to decline several months before the stock market crash in October, 1929. The automobile (together with cement, a related industry) reached its peak first—in January, ten months before the market crash; three months before the next industries, lumber production and freight car loadings, reached theirs. The value of the product of the automobile industry in 1929 was placed at \$3,576,645,000. By 1932 it had declined to \$793,000,000. It was in the automobile city of Detroit that the first runs on any large bank occurred, in February, 1933, though small banks had been failing for several years. The state-wide moratorium declared by the Michigan governor had immediate repercussions throughout the country.



**Government to the Rescue.** And the banks of the automobile cities came in for a big share of government help. The RFC poured millions into the four leading bankrupt banks in Cleveland and Detroit. Also, when the Emergency Bank Act of March 9, 1933, authorized the RFC to advance government capital to banks—which would give it in return a voice in their direct management—banks of these two cities took advantage of the provisions of the Act. Most of the 117 banks of the country which got a share of the \$64,000,000 paid or authorized for the purchase of stock or debentures, or as loans granted to banks against such issues as collateral, up to August 31st of that year were small ones. But not all. The newly enlarged National City Bank in Cleveland sold \$4,000,000 and the new National Bank of Detroit, organized by General Motors, \$12,500,000 (half of its newly set-up capital and surplus) of preferred stock to the RFC.

**Recovery?** So the automobile industry began an upswing which in turn tended to stimulate some general "pick-up." The National Automobile Chamber of Commerce reported "recovery" as the "outstanding characteristic" of the industry in 1933. Sloan's report to General Motors stockholders for that year shows what had happened in his company—which plays so big a part in the industry. Profits had gone up 50,000%—from \$164,979 in 1932 to \$83,213,675 in 1933. (So John J. Raskob, director of General Motors Corporation, did not much miss his \$25,000 nor James D. Mooney, a vice-president, his \$10,000, spent to help elect Roosevelt.) Sloan's report showed that wages that year had gone up 19%. (So it was worth while for him to fight hard for victory in the "battle of Washington" the next spring. Had the unions won out they could have changed this division of income somewhat.) In the industry as a whole the total value of the product climbed upward in 1934 to \$1,453,800,000 from its 1932 low. (See above.) "Recovery" is reflected strongly in the big 1934 upcurve of profits in the production of auto accessories, a gain of 659% over 1933. The year 1935 is expected to better this record.

**The Social Cost.** About bringing in tens of thousands of new workers to Detroit—

*A big engineer in one of the great body plants speaks: "The industry's been in the red for years. Now . . . it looks as though a nice profit is possible. Can't you see the manufacturers' point of view? . . . True, some of the people brought into the city will be 'dumped' . . . when high production ends in April or May, . . . but in a big thing like this and in serious times like the present you can't worry about that . . ."*

Who's going to get the new cars turned out at this social cost? Let people you know speak—

*And a Philadelphia average citizen: "I am an American, a married man hoping some day to have a car for my family . . . My father was a Methodist minister . . ."*

**Sources.** Preliminary Report on Study of Regularization of Employment and Improvement of Labor Conditions in the Automobile Industry, by Henderson of NRA; Facts and Figures, by Automobile Chamber of Commerce; Labor Fact Book, Volume II; Labor and Automobiles, by Robert W. Dunn; the American Transportation Problem, by H. G. Moulton and associates; Labor Research Association Notes; A. F. of L. *Weekly News Service*; articles in *Consumers' Research Bulletin*; *Survey*, *New Masses*, *New Republic*, *Nation*, *Business Week*; current press.

**About Father Coughlin.** In his press release of April 7th Father Coughlin charges that our last Bulletin told "three distinct lies" about the conditions under which he employs labor. In his radio address of the same date he said that these lies were told at the Madison Square Garden meeting of April 3rd by Bishop F. J. McConnell, Harry F. Ward and Roger Baldwin, "all friends of the Soviet union." This radio adaptation is characteristic and revealing. At the meeting referred to, Coughlin's labor policies were never mentioned. Neither of our officers referred to him in any way.

The items we mentioned in our Bulletin have been repeatedly referred to in the labor press. They have been the subject of discussion and resolution in labor gatherings. Coughlin refused to see a committee authorized by the 1933 Convention of the A. F. of L. to inquire into them. After rechecking our sources and comparing them with others we can make only one change. The statement about building wages should have said from 20 to 40% below the union scale, instead of 40%. We regret the omission and ask all who quoted us to copy the correction.

During the week of our release and preceding his radio address Coughlin made his peace with the printing trade unions. All of his future printing is to be done in union shops. He is permitted to use the union label on the entire issue of his new volume of sermons, though most of it was printed before the agreement was made. But this does not cover the large amount of non-union printing previously done.

These labor items have been given an emphasis they did not originally receive in our Bulletin. So far as we know Coughlin has not discussed our analysis of the nature, source and the consequences of his program.

**Fight the Sedition Bills**—the federal bills and any that are pending in your state. Write to the American Civil Liberties Union, 31 Union Square, New York City, for details and instructions.

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